

Message Text

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C O N F I D E N T I A L STATE 053606

E.O. 11652: GDS

TAGS: SENV, OCON, UN, CA, PNA

SUBJECT: UN WATER CONFERENCE: POSITION PAPER ON PANAMA
CANAL

THE PANAMA CANAL - CONTINGENCY POSITION PAPER

THE ISSUE

PANAMA SUBMITTED TO THE LATIN AMERICAN REGIONAL PREPARATORY
MEETING LAST SEPTEMBER A DRAFT RESOLUTION ON THE "SOVEREIGN
UTILIZATION OF THE WATER RESOURCES OF THE PANAMA CANAL
ZONE", WHICH WAS SUPPORTED
BY NEARLY ALL THE LATIN STATES. THE US DELEGATION AT
THAT MEETING SPOKE AGAINST THE TACTIC TWICE: AFTER THE
PLENARY SPEECH OF THE PANAMA DELEGATION AND AFTER APPROVAL
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OF THE RESOLUTION. THE RESOLUTION ITSELF, AS WELL AS
EXTENDED DISCUSSION OF THE PANAMA CANAL ISSUE, ARE LIKELY
TO ARISE DURING THE WATER CONFERENCE (EVEN THOUGH THE
RESOLUTION WAS NOT INCLUDED IN THE LIMA "CONSENSUS" RESO-
LUTION WHICH EMANATED FROM THE PREPARATORY CONFERENCE).

RELATIVE IMPORTANCE OF THE ISSUE TO THE UNITED STATES

THE PANAMA CANAL ISSUE IS IMPORTANT TO US NATIONAL INTERESTS. IT IS DESIRABLE THAT WE ATTEMPT TO MINIMIZE DISCUSSION OF THE ISSUE IN MULTILATERAL FORUMS FOR REASONS OUTLINED BELOW.

US POSITION

1. THE STATUS OF THE PANAMA CANAL IS A BILATERAL MATTER BETWEEN THE UNITED STATES AND THE REPUBLIC OF PANAMA. THE TWO PARTIES AGREE ON THE IMPORTANCE OF REACHING A NEW AGREEMENT ON THE CANAL AT THE EARLIEST POSSIBLE DATE IN ORDER TO ESTABLISH A NEW RELATIONSHIP WHICH WILL GIVE FULL REGARD TO THE INTEREST OF BOTH NATIONS.
 2. THE NEGOTIATIONS ARE BEING CONDUCTED ON THE BASIS OF EIGHT PRINCIPLES, WHICH WERE AGREED TO BY SECRETARY OF STATE KISSINGER AND FOREIGN MINISTER TACK ON FEBRUARY 7, 1974 AND REAFFIRMED BY SECRETARY VANCE AND FOREIGN MINISTER BOYD ON JANUARY 31, 1977.
 3. THE COMPLEXITY OF ISSUES REQUIRES THE MOST CAREFUL AND PAINSTAKING NEGOTIATIONS IN ORDER TO ACHIEVE A TRULY EQUITABLE AND JUST TREATY WHICH WILL BALANCE THE INTERESTS OF BOTH COUNTRIES AND SERVE THE NEEDS OF CANAL USERS.
 4. AS SUCH, WE FEEL THAT THE PROPER FORUM FOR THESE NEGOTIATIONS REMAINS BILATERAL BETWEEN OUR TWO COUNTRIES.
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INDEED, IN JUNE 1976 SECRETARY KISSINGER AND FOREIGN MINISTER BOYD AGREED ON A JOINT STATEMENT THAT "THE PARTIES HAVE MADE FURTHER SIGNIFICANT PROGRESS ON THE HIGHLY COMPLEX ISSUES BEFORE THEM". WE BELIEVE THAT DISCUSSION OF THE QUESTION OF THE LANDS AND WATERS OF THE PANAMA CANAL ZONE CAN ONLY COMPLICATE BILATERAL NEGOTIATIONS UNDERWAY.

BACKGROUND

THE 1974 AGREEMENT ON PRINCIPLES OBVIATES THE NECESSITY OF RESPONDING TO THE VARIETY OF TACTICAL ARGUMENTS THE PANAMANIAN DELEGATION MAY EMPLOY. AMONG THESE ARGUMENTS, THE CENTRAL ONE IS THE FOLLOWING:

-- THAT THE US HAS BEEN EXPLOITING PANAMA'S WATER RESOURCES FOR THE OPERATION OF THE CANAL (I.E., NOT ONLY THE CANAL WATER BUT TRIBUTARIES THERETO), THEREBY DEPRIVING PANAMA OF THEIR USE AND HINDERING PANAMA'S

DEVELOPMENT; THE IMPLICATION BEING THAT THE US SHOULD PAY
FOR THE WATER.

ARGUMENTATION EXISTS TO COUNTER ALL ASPECTS OF THIS
CONTENTION; WE BELIEVE, HOWEVER, THAT IT WOULD BE COUNTER-
PRODUCTIVE TO ENGAGE IN A POLEMIC AT THE CONFERENCE.
REFUTING ARGUMENTS WOULD ALSO CONTRADICT OUR CENTRAL
ASSERTION THAT ISSUES OF THIS COMPLEXITY SHOULD BE
ADDRESSED IN BILATERAL NEGOTIATIONS, NOT MULTILATERAL
FORUMS.

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